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11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION**

13 PEDEGO, LLC, a Delaware Limited
14 Liability Company,

15 Plaintiff,

16 vs.

17 ALLIANCE WHOLESALERS INC.
18 DBA PRODECO TECHNOLOGIES,
19 a Florida Corporation,

20 Defendant.

CASE NO. SACV12-01106 CJC (JPRx)

21 **DEFENDANT PRODECO**
22 **TECHNOLOGIES' OPPOSITION TO**
23 **PLAINTIFF'S MOTION FOR**
24 **PRELIMINARY INJUNCTION**

25 [Declarations of Robert Provost, Robert
26 Lindsay and Patricia Neal Filed
27 Concurrently Herewith]

28 Date: September 17, 2012
Courtroom: 9B
Time: 1:30 p.m.

Before Hon. Cormac J. Carney

Trial Date: None Set

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1 **I. INTRODUCTION**

2 This Motion is nothing more than a transparent attempt by Plaintiff Pedego,
 3 LLC to damage Defendant Prodeco Technologies ("PT"), a more successful and
 4 profitable competitor in the electric bicycle business. The Motion is based on a
 5 meritless underlying claim of purported "similarity" between two dissimilar marks,
 6 as well as conclusory assertions of "harm," unsupported by admissible evidence of
 7 any kind.

8 Pedego will not succeed on the merits in its underlying suit – as it does not
 9 and cannot show that there is a likelihood of confusion between the companies' two
 10 distinct names and logos. Pedego asserts that there is a likelihood of confusion
 11 because the names both "begin with a P and end with O." In fact, as the names are
 12 made up of different, distinguishable prefixes and suffixes and are visually and
 13 aurally distinct as they appear in the marketplace, this minor similarity does not
 14 create a likelihood of confusion. Nor is Pedego's *de minimis* "evidence" of actual
 15 confusion sufficient, consisting as it does of Pedego's demonstrably inaccurate
 16 conjecture.

17 By this Motion, Pedego seeks an injunction to stop PT from using its name in
 18 connection with electric bikes, including barring it from appearing and selling its
 19 bikes at the September 19-21, 2012 Interbike Tradeshow, a large industry tradeshow
 20 where bicycle shop owners and dealers place their yearly orders for bikes. What
 21 Pedego fails to inform the Court is that it and PT had booths just a few aisles from
 22 each other (and visible to each other) at the last Interbike tradeshow – in September
 23 2011. Pedego has been aware of Prodeco Technologies' use of the Prodeco name on
 24 electric bikes and has known that PT sells its wares at Interbike for over a year.
 25 Pedego and PT even engaged in informal negotiations to get this matter settled
 26 during the spring and summer of 2011, before the last Interbike show. Yet, Pedego
 27 chose to wait until a few weeks before the Interbike 2012 show (when PT has
 28 already spent tens of thousands of dollars to participate and purchase a sponsorship

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1 at Interbike) to bring this motion on shortened time. Pedego glosses over this
 2 lengthy delay, but the delay alone negates any assertion by Pedego that it will suffer
 3 irreparable harm if the requested injunction is not granted.

4 Moreover, the Court must look to the balance of the equities between the
 5 parties in evaluating whether to issue an injunction. Pedego's Motion is entirely
 6 bereft of any facts evidencing lost or declining sales or any reputational harm due to
 7 the claimed confusion between the two companies' names. Pedego claims – in the
 8 vaguest generalities – that PT's appearance at Interbike will cause increased
 9 confusion, but never sets forth any damage which it has suffered or anticipates that
 10 it will suffer as a result of this "confusion."

11 On the other hand, being barred from Interbike would not be a minor nuisance
 12 for PT, but rather would spell the demise of the company. Interbike is the only
 13 show that PT participates in during the year and is the source of upwards of 70% of
 14 its sales, to the tune of millions of dollars. PT has already paid deposits of almost
 15 \$300,000 to suppliers for orders that (without participation at Interbike) it would
 16 lack the cash flow to fulfill. The harm to its reputation from dropping out of the
 17 major tradeshow of the year would also be substantial. PT would also be unable to
 18 service its roughly \$2.4 Million in debt should it not attend Interbike. And, of
 19 course, being further barred – for even a short period – from using the name more
 20 generally would also spell the end of PT's business.

21 In sum, Pedego does not demonstrate any likelihood of confusion between the
 22 parties' names and logos. Moreover, a more than one year delay in seeking this
 23 injunction (as well as the timing of seeking it a few weeks before an important trade
 24 show which Plaintiff knew that Defendant attends) severely undercuts any argument
 25 that Plaintiff will be irreparably harmed. Defendant PT will be financially
 26 devastated (and likely go out of business) should the requested injunction be issued.
 27 The public interest is not served by destruction of legitimate competition, which is
 28 what Pedego seeks here.

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1 II. STATEMENT OF FACTS

2 A. Background

3 Electric bicycles are traditional bicycles that have a battery-operated motor
 4 attached to them. Provost Decl. ¶ 2. This configuration allows the rider the choice
 5 of pedaling or "coasting," the bicycle being propelled by the electric motor. *Id.*

6 Defendant PT was created in or about early 2010 as a d/b/a of Alliance
 7 wholesalers, a bicycle parts company. Provost Decl. ¶ 4. PT manufactures
 8 predominantly "mountain bike" style electric bikes (with aggressive designs and
 9 narrow handlebars that are situated in a low-riding position) which it markets
 10 primarily to a young, under-35 demographic. *Id.* at ¶ 10. The majority of the
 11 company's bike designs are geared toward younger riders. All of PT's bicycles are
 12 built in the United States from uniquely designed frames and battery systems. *Id.* at
 13 ¶ 8. The fact that PT bikes are built in U.S. is a major selling point for the bikes as
 14 customers view American-built bikes as higher quality and more reliable. *Id.*

15 In contrast, Plaintiff Pedego primarily sells "beach cruiser" style bicycles
 16 (which feature wide sloped handlebars, with a pedal forward crank design for a "sit
 17 up" and "laid back" riding position), which are marketed to customers in their fifties
 18 and beyond. Provost Decl. ¶ 12. Pedego bikes are manufactured in China and
 19 Taiwan and imported into the United States. *Id.* at ¶ 11.

20 B. Prodeco Technologies Adopts Its Name in Good Faith

21 PT founder Robert Provost had previously been involved (in or about 2006)
 22 with a bike company referred to as "Eco Tech." Provost Decl. ¶ 3. The name
 23 "Prodeco Technologies" simply added the prefix "prod" to the name of Mr.
 24 Provost's prior company, "Eco Tech." *Id.* at ¶ 4. The new "Prodeco" name was also
 25 a combination of the last names of the company's founders– "Provost", "Del
 26 Aguila" (for Daniel DeAguila) and "Acosta" (for Richard Acosta). *Id.* at ¶ 5. The
 27 name is also a play on the term "deco" as in "art deco." *Id.* The company (which is
 28 located in South Florida – the epicenter of the art deco design movement) creates

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1 bike designs with elements of "art deco" design, including curved frames. *Id.*

2 Finally, PT's founders chose "Prodeco" because it incorporated the suffix "eco"

3 (short for "ecological"). *Id.* at ¶ 6.

4 **C. Trademark Application and Opposition From Pedego**

5 On or about February 24, 2011, PT applied for a trademark registration for
 6 "Prodeco Technologies" with the United States Patent and Trademark Office.

7 Provost Decl. ¶ 14. On or about February 15, 2011 and again on or about March 15,

8 2011, Pedego contacted PT via letter, alleging infringement of the Pedego mark. *Id.*

9 at ¶ 15. Pedego included a draft complaint for trademark infringement with its

10 March 15, 2011 letter to Prodeco. Pedego went on to submit a letter of protest to the

11 U.S.P.T.O. on or about May 24, 2011. *Id.*

12 On or about July 6, 2011, during the course of e-mail correspondence

13 between PT CEO Provost and Steven Fine, examining attorney at the U.S.P.T.O.,

14 Mr. Fine stated that, with regard to the marks "Pedego" and "Prodeco

15 Technologies," "in my opinion, there is no likelihood of confusion." Provost Decl.

16 ¶ 16.

17 PT engaged in informal discussions with Don DiCostanzo (and even utilized a

18 third party acquaintance named Leo Giglio to act as an intermediary and speak with

19 Mr. DiCostanzo) throughout the spring and summer of 2011 regarding his claim that

20 "Prodeco" infringed Pedego's mark. Provost Decl. ¶ 20. By July 2011, as an

21 accommodation to try and resolve this case (and not because PT believes that there

22 was any similarity or likelihood of confusion between the two names), PT agreed to

23 add the word "Technologies" to its bikes, ads and website wherever the word

24 "Prodeco" appeared (so that the word "Prodeco" never appeared alone). *Id.* PT

25 made that change to its bike frames, ads and websites at significant expense to try

26 and get this issue resolved. *Id.*

27 On or about December 12, 2011, PT abandoned its original trademark

28 application after it determined that an error had been made in its supporting

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documents. Provost Decl. ¶ 17. The abandonment lasted less than 1 day. *Id.* at ¶ 18. PT filed a petition to revive its application to register "Prodeco Technologies" on that same day – December 12, 2011. *Id.*

Pedego filed an Opposition to the revived application on April 27, 2012 and pursued its Opposition until the matter was requested stayed pending the outcome of this lawsuit, which was filed by Pedego July 6, 2012. Provost Decl. ¶ 19. Pedego did not make this Motion for a preliminary injunction until September 4, 2012, two months after its trademark infringement lawsuit was filed.

D. The Importance of the Interbike Trade Show and the Harm Which Would Accrue to PT If It Were Barred from Attending or Using the PT Name

The Interbike tradeshow is the major annual tradeshow in the bike industry. Its purpose is for bike shop owners, dealers and mass merchant buyers to come together to review all the new products available each year in the U.S. bike industry. Provost Decl. ¶ 30. Exhibitors display their products for the coming year and take orders for those products. *Id.* There is no other event of this type in the United States. *Id.* PT attended Interbike in 2010 and 2011. *Id.* at ¶ 31. At the show in 2010, PT had a prominent 4 booth display. *Id.* At the 2011 show, PT had a booth a few aisles from (and visible to) Pedego's booth. Mr. DiCostanzo of Pedego came over to the PT booth at the 2011 show and took photographs of PT's booth and of PT bikes. *Id.*

Last year the majority of PT's dealer sales (including sales from large dealers such as Amazon and Costco) were generated from Interbike. Provost Decl. ¶ 32. PT anticipates that over 70% of its sales will be generated from Interbike 2012. *Id.* In addition, PT is sponsoring the "demo track" at Interbike. *Id.* at ¶ 33. The demo track is a riding track for all electric bike companies to allow potential bike shop owners to test and ride the different electric bikes being offered. *Id.* Prodeco Technologies will also appear at an electric bike industry panel discussion. *Id.* In

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1 addition, multiple meetings at Interbike have been set up with PT's dealers, both
 2 large and small. *Id.* These meetings will generate thousands of sales for PT. *Id.*

3 With Interbike just days away, there is no way that PT could appear at
 4 Interbike if it could not use its name, "Prodeco Technologies," on its bikes and
 5 advertising. Provost Decl. ¶ 36.

6 As discussed in detail at Section C.2, *supra*, PT has already spent, or will
 7 spend, over \$90,000 on direct expenses relating to the Interbike show, including
 8 travel and advertising costs. Provost Decl. ¶ 34. PT has increased its employee
 9 base to 48 employees from 35 employees 4 months ago in anticipation of the influx
 10 of orders from attending Interbike 2012. *Id.* at ¶ 35. For 2013, PT anticipates the
 11 hiring of an additional 26 employees to bring the total to 74 company employees. all
 12 U.S. based. *Id.*

13 If barred from participating in Interbike or using the PT name going forward,
 14 PT will lose the vast majority of its projected \$1.65 Million in net sales for model
 15 year 2013, will lose \$400,000 in sunk costs already expended for the model year
 16 (and in connection with the Interbike show) and will be unable to service its
 17 approximately \$2.4 Million in debt. Provost Decl. ¶¶ 34, 37-38. The reputational
 18 harm of being barred from Interbike will greatly diminish or eliminate sales through
 19 other channels. *Id.* In addition, if the company were to become insolvent, its
 20 founders and investors would lose some \$3 Million that they have already invested
 21 to establish and grow PT. *Id.* at ¶ 40.

22 **III. NO PRELIMINARY INJUNCTION SHOULD BE ISSUED BECAUSE**
 23 **PEDEGO CANNOT SHOW LIKELIHOOD OF SUCCESS ON THE**
 24 **MERITS, IRREPARABLE HARM, OR THAT THE BALANCE OF**
 25 **THE EQUITIES/PUBLIC INTEREST FAVORS AN INJUNCTION**

26 To obtain the extraordinary remedy of a preliminary injunction, a plaintiff
 27 "must establish that he is likely to succeed on the merits, that he is likely to suffer
 28 irreparable harm in the absence of preliminary relief, that the balance of equities tips

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1 in his favor, and that an injunction is in the public interest.” *Winter v. Natural*
 2 *Resources Defense Council, Inc.*, 555 U.S. 7, 20 (2008). A preliminary injunction is
 3 an “extraordinary remedy never awarded as of right.” *Id.* at 24.

4 **A. Pedego Is Highly Unlikely To Succeed On The Merits**

5 **1. Pedego Has Not Demonstrated A Likelihood Of Confusion**

6 The 9th Circuit has developed eight factors, the so-called *Sleekcraft* factors, to
 7 guide the determination of a likelihood of confusion. *AMF Inc. v. Sleekcraft Boats*,
 8 599 F.2d 341, 348. They include (1) the similarity of the marks; (2) the proximity/
 9 relatedness of the two companies' goods; (3) the marketing channels used; (4) the
 10 strength of Pedego's mark; (5) PT's intent in selecting its mark; (6) evidence of
 11 actual confusion; (7) the likelihood of expansion into other markets; and (8) the
 12 degree of care likely to be exercised by purchasers. *See id.* at 348–49. Analysis of
 13 the pertinent factors here weighs heavily in PT's favor and against the imposition of
 14 an injunction.

15 **a. The Sight, Sound and "Meaning" of the Two Marks**
 16 **Differ Significantly**

17 Pedego gives short shrift to any discussion of similarity between the two
 18 marks, stating in a conclusory fashion that the two names start with "P" and end in
 19 "O." Motion, 3:23-25. That is far from adequate to demonstrate a likelihood of
 20 consumer confusion that justifies the imposition of an injunction (especially one that
 21 would financially devastate the Defendant).

22 The Ninth Circuit has provided the following guidance in assessing similarity
 23 of marks: “first, the marks must be considered in their entirety and as they appear in
 24 the marketplace [citation omitted]; second, similarity is adjudged in terms of
 25 appearance, sound, and meaning [citation omitted]; and third, similarities are
 26 weighed more heavily than differences [citation omitted].” *GoTo.Com, Inc. v. The*
 27 *Walt Disney Co.*, 202 F.3d 1199, 1205–06 (9th Cir. 2000).

28 Pedego claims that PT's mark is so similar to Pedego's mark that it will cause

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1 consumers to be confused as to the source of electric bikes and advertising bearing
 2 the marks. The marks are very different, however, consisting of entirely distinct,
 3 commonly used prefixes and suffixes, including "ped" (as in "pedal") and "go"
 4 versus "pro" and "deco" (as in "art deco") or "eco" (as in "ecological"). *See*
 5 *Groupon, LLC v. Groupon, Inc.*, 826 F. Supp.2d 1156, 1163-1164; 2011 WL
 6 5913992 (court denied injunction, finding "GROUPON and "GROUION" marks
 7 dissimilar as "[b]oth 'groupon' and 'groupon'" are made up words. However, they
 8 were created by different words and, thus, imply different meanings."). The word
 9 "Prodeco" does not incorporate any portion of the word "Pedego." Significantly,
 10 PT's mark is "Prodeco Technologies" and includes the word "technologies," which
 11 is not part of Pedego's mark¹.

12 Moreover, as they actually appear in the marketplace, the parties' two logos
 13 are dissimilar. "Prodeco Technologies" is in black letters with a red square next to
 14 the "P." "Pedego" is in a different, distinctive font and the letters are orange in
 15 color. Thus, the actual appearance of the two marks in the marketplace shows
 16 substantial differences as to color, font and position of the text:



17
 18
 19
 20
 21 Courts have routinely denied preliminary injunctions in instances involving
 22 far more similar marks, where (as here) those marks were used in logos with
 23 different fonts, colors and textual layouts. *See Groupon*, 826 F. Supp.2d at 1163-
 24 1164 (court denied injunction because "GROUPON and "GROUION" marks were

25
 26
 27 ¹ PT has used the word "Prodeco" alone as a mark on its products and advertising
 28 until late 2011. It is now, however, using "Prodeco Technologies" or "Prodeco
 Tech" on its products, website and advertising. Provost Decl. ¶ 20.

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1 dissimilar "when viewed in their entirety and as they appear in the marketplace"),
 2 *Quia Corp. v. Mattel, Inc.*, 2010 WL 2486364 (N.D. Cal. June 15, 2010) (court
 3 denied preliminary injunction for mark "iXL" because it appeared differently in the
 4 marketplace than plaintiff's "IXL" mark.); *see also, Surfivor Media, Inc. v. Survivor*
 5 *Productions*, 406 F.3d 625, 633 (9th Cir. 2005) (recognizing importance of logos and
 6 "distinctive" slogans that may accompany a mark in distinguishing between
 7 "Surfivor" and "Survivor" marks); *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*,
 8 826 F.2d 837, 846 n. 14 (9th Cir.1987) ("Use of . . . distinctive logos in connection
 9 with similar marks can reduce the likelihood of confusion . . .") (internal citations
 10 omitted).

11 Moreover, the marks at issue in this case are aurally distinct and sound
 12 different when pronounced. Even if they did sound alike (which they do not), the
 13 mere fact that the two marks may sound similar when pronounced or have the same
 14 number of syllables is not determinative. *See Chesebrough-Pond's, Inc. v. Faberge,*
 15 *Inc.*, 666 F.2d 393 (9th Cir. 1982) (court dismissed plaintiff's claim on summary
 16 judgment that the use of the mark "Match" for men's toiletries and cosmetics
 17 infringed defendant's mark "Macho").

18 **b. The "Pedego" Mark Is In a Crowded Field**

19 Although both "Pedego" and "Prodeco" are coined words that do not have
 20 meaning in the English language, they both nonetheless contain prefixes and
 21 suffixes that are common components of company names in the bicycle and electric
 22 vehicles markets. Provost Decl. ¶¶ 22-23. According to an industry website, there
 23 are 526 electric bike manufacturers worldwide whose company names begin with
 24 "P," including "Pegasus" "Promovec" and "Protanium" and several similar
 25 businesses with names containing the prefixes or suffixes "ped" "eco," and "go²":

26 _____
 27 ² In fact, Pedego was sued for trademark infringement in 2011 by a company called
 28 "GoPed." Provost Decl. ¶ 24.

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1 including:

2	Electric Peddler	www.electricpeddler.com
3	Eco Wheelz	www.eco-wheelz.com
4	Geco Bike Company	www.gecobike.com
5	Eco Speed	www.ecospeed.com
6	Eco Boomer	www.ecoboomer.tv
7	EZ Pedaler	www.ezpedaler.com
8	Pedaleco	www.pedaleco.ueuo.com (bike tour company)
9	Peg Perego	http://us.pegperego.com (electric cart manufacturer)
10	eGO Vehicles	http://www.egovehicles.com

11 Provost Decl. ¶¶ 22-23.

12 That the electric bike market has numerous "ped" and "go" marks militates
 13 against a finding that Pedego is a strong mark or that there is a likelihood of
 14 consumer confusion between the Pedego mark and Defendant's mark. *Jupiter*, 2004
 15 WL 3543299, at *4 ("Where a plaintiff's mark resides in a crowded field, 'hemmed
 16 in on all sides by similar marks on similar goods,' that mark is weak as a matter of
 17 law."); *see also, Halo Management, LLC v. Interland, Inc.*, 308 F. Supp.2d 1019,
 18 1036-37 (N.D. Cal. 2003) (denying preliminary injunction as "[d]ozens of
 19 companies utilize some variant of the 'halo' term".)

20 Finally, the U.S.P.T.O examining attorney handling PT's trademark
 21 application has stated that, "in [his] opinion, there is no likelihood of confusion"
 22 between the two names. Provost Decl. ¶ 16.

23 c. **Pedego Presents De Minimis Admissible Evidence of**
 24 **Actual Confusion**

25 Pedego claims that "Plaintiff Pedego's customers and defendant Prodeco's
 26 customers have admitted their confusion in e-mail, online publications, telephone
 27 calls and advertisements." Motion, 4:25-26. This assertion is far from accurate.
 28 Pedego has attached several exhibits to the Declaration of Don DiCostanzo which

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1 purport to demonstrate actual consumer confusion. However, this “evidence” of
 2 actual confusion (to the extent it is admissible at all) is extremely weak and, frankly,
 3 misleading when examined closely.

4 Exhibit “D” purports to be a “phone log” evidencing phone calls to Pedego
 5 “of people seeking information on Prodeco.” DiCostanzo Decl. ¶ 10. Exhibit “D”
 6 thus consists of lists of phone numbers, some portions of which are highlighted with
 7 no explanation as to who the callers were, what they said or to whom they said it.
 8 See pages 15-16 of 33. The first page of Exhibit “D” is nothing more than a self-
 9 serving description of a call with a supposed consumer in which the Pedego
 10 employee writing the log entry suggests to the caller that he “probably had us
 11 confused with a company with a similar name.” It is unclear whether
 12 Mr. DiCostanzo or someone else wrote this contrived log entry and whether in fact
 13 it was made contemporaneously within the course of business. Fed. R. of Ev. 902
 14 (11), (12).

15 Nor is Exhibit “E” any more convincing that actual confusion exists between
 16 the parties’ products. Exhibit “E” consists of one e-mail (page 18 of 33) in which a
 17 consumer asks whether Pedego will “do repairs on” a Prodeco bike. It is entirely
 18 unclear whether this consumer is confused about the two companies or simply wants
 19 to know whether Pedego will service a Prodeco Technologies bike. The very fact
 20 that this consumer is making the inquiry arguably suggests that he does know that
 21 there is a difference between the two companies.

22 The next several e-mails which make up Exhibit “E” purport to be order
 23 forms and inquiries from bike dealers which were misdirected to Pedego when they
 24 were meant to be sent to PT. These e-mails are not persuasive evidence of *actual*
 25 *customer* confusion for several reasons. First, at least two of the e-mails (pg. 19-22
 26 of 33) are from bike dealers and bike store owners. Confusion among such
 27 individuals, who are not consumers, is only relevant in limited circumstances, where
 28 it raises an inference that consumers are likely to be confused. *Rearden LLC v.*

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1 *Rearden Commerce, Inc.*, 683 F.3d 1190, 1214-1215 (9th Cir. 2012). Here, the
 2 e-mails may have been misdirected, i.e., there may simply have been confusion as to
 3 the parties' e-mail addresses (but not with respect to the source of the parties'
 4 products). Pedego's exhibits thus fail to adequately demonstrate that actual
 5 consumers are likely to be confused regarding the source of the parties' goods.

6 Additionally, PT is informed and believes that Pedego pays Google AdWords
 7 to use "Prodeco" as a keyword. Provost Decl. ¶¶ 26-28. Stated another way,
 8 Pedego has had an arrangement with Google whereby if Google users do an internet
 9 search on the word "Prodeco" (seeking Defendant's products), an ad for Pedego
 10 pops up on the user's screen. *Id.* If the user clicks on Pedego's ad, Pedego pays a
 11 fee to Google. *Id.* This arrangement between Pedego and Google could easily
 12 explain why e-mails intended for PT may have been misaddressed to Pedego³.

13 Similarly, Exhibit "F" to Mr. DiCostanzo's Declaration is not evidence of any
 14 actual confusion. Exhibit "F" is merely an article about electric bikes generally that
 15 discusses Pedego and features an interview with Mr. DiCostanzo. Pedego asserts
 16 that the article confuses Pedego and PT because it features a picture of a Prodeco
 17 bike (at pg. 30 of 33) in addition to a picture of a Pedego bike (at pg. 28 of 33).
 18 Pedego is incorrect that the placement of the PT bike photo in the article means that
 19 the authors of the article were confused. On the contrary, the article is about electric
 20 bikes in general and the authors contacted the Light Electric Vehicle Association
 21 expressly to obtain a picture of any electric bikes. The Light Electric Vehicle
 22 Association provided the authors with a picture of a PT bike. *See* Provost Decl.,

23 _____
 24 ³ Several courts have found that the use of Google AdWords creates, or potentially
 25 creates, confusion. *See Morningware, Inc. v. Hearthware Home Products, Inc.*, 673
 26 F.Supp.2d 630 (N.D.Ill. 2009) (holding that the use of a competitor's trademark in
 27 Google's AdWords stated a claim for initial interest confusion); *Rescuecom Corp v.*
 28 *Google, Inc.*, 562 F.3d 123 (2d Cir. 2009) (Second Circuit held that the use of a
 trademark in Google Ad-Words constitutes a "use in commerce" and remanded the
 case to determine whether the use of the trademark is likely to cause consumer
 confusion). *Id.* at 130.

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1 ¶ 29, Exh. L. There was clearly no confusion here.

2 Exhibit "G" – which purports to be copies of one or more classified ads – also
 3 fails to demonstrate consumer confusion regarding the parties' bikes. The first ad
 4 (pg. 32 of 33) merely contains what appears to be a typographical error relating to
 5 the parties' names. The second ad (pg. 33 of 33) is clearly not evidence of confusion
 6 either. Rather, the seller states that he rode a PT bike and did not like it, but that
 7 buyers will like the Pedego bike that he is selling. See Exhibit "G" ("I rode about 6
 8 different brands before I finally chose this bike – it is so comfortable and
 9 ergonomically correct. I was sold on the Prodeco and rode every one of them . . . I
 10 felt sore after just a short ride around the parking lot on every one of their models. I
 11 suggest you ride before buying. Once you take mine for a spin you will be happy to
 12 spend the extra cash, just like I was. . ."). This ad in no way suggests that the seller
 13 is confused about the source or origin of the bike he is selling.

14 In contrast to Pedego's continued "evidence" of actual confusion, neither of
 15 PT's employees who handle customer service calls have ever received any inquiries
 16 from any caller regarding Pedego. See Declaration of Robert Lindsay ("Lindsay
 17 Decl.") ¶ 3; Declaration of Patricia Neal ("Neal Decl.") ¶ 3. Nor has PT CEO
 18 Robert Provost ever been contacted by a consumer or dealer looking to purchase
 19 Pedego bikes, accidentally believing that PT was affiliated with Pedego. Provost
 20 Decl. ¶ 25.

21 d. Relatedness of the Goods/Marketing Channels and the
 22 Degree of Care Exercised By Different Types of
 23 Purchasers

24 Although the parties use similar channels – trade shows, internet sales, etc. to
 25 market their bikes, the two companies' bike designs are distinct and each parties'
 26 designs and ads are directed toward different segments of the electric bike
 27 purchasing public. See *Network Automation, Inc. v. Advanced Systems Concepts,*
 28 *Inc.*, 638 F.3d 1137, 1150 (9th Cir. 2011) (relatedness of goods is measured by

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whether the products are: (1) complementary; (2) sold to the same class of purchasers; and (3) similar in use and function).

PT's bikes are "mountain bike" style bikes that are marketed primarily to young (under 50 year-old) consumers. Provost Decl. ¶ 10. In fact, PT's 2012 catalog did not feature any models over age 35. *Id.* PT's bikes are entirely built in the U.S., a major selling point for PT's bikes. *Id.* at ¶ 8. In contrast, Pedego's bikes are "beach cruiser" style and marketed to older riders. *See* DiCostanzo Decl. ¶ 12, Exh. F (pg. 28 of 33); Provost Decl. ¶ 12. Pedego's bikes are foreign manufactured. Provost Decl. ¶ 11. The retail prices of each party's bikes also differ; PT's bikes sell for an average of \$1200 and Pedego's sell for between \$1800 and \$2700. *Id.* at ¶ 13.

Moreover, regardless of the price difference between the parties' bikes, both parties' electric bikes are relatively high priced goods and this militates against a finding that consumers will be confused by the parties' two marks. When purchasing expensive items, the buyer is expected to be more discerning and less easily confused. *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1060 (9th Cir. 1999); *see also E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1293 (9th Cir. 1992) ("When goods are expensive, it is assumed that buyers will exercise greater care in their purchases.").

e. Defendant's Intent In Selecting Mark

PT selected its mark in good faith and with no intent to imitate Pedego's mark or trade on the purported goodwill of Pedego. PT's founders created the mark in or about 2010 as a variant of founder Robert Provost's former company, "Eco Tech" and as a combination of their last names – "Provost", "Del Aguila" and "Acosta." Provost Decl. ¶ 5.

Pedego's assertions in its Motion that PT's selection of its mark was "willful" are baseless. Pedego did contact PT to make it aware of its trademark infringement claim, but it is undisputed that that contact occurred by May 2011, long after PT had selected its name and used it in connection with electric bikes. DiCostanzo Decl.

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1 ¶ 5, Provost Decl. ¶ 15. Nor is there any truth to assertion that Prodeco abandoned
 2 its trademark application "after learning of Pedego." Motion, 6:12-13. Rather,
 3 Prodeco abandoned its application in December 2011 (some ten months after
 4 Pedego first contacted it and seven months after Pedego filed a letter of protest to
 5 PT's trademark application) because of a clerical error. It re-filed that same day.
 6 Pedego was aware of the re-filing and opposed in April 2012. Provost Decl.
 7 ¶¶ 17-19.

8 Clearly, there is no evidence supporting the notion that PT acted willfully or
 9 in bad faith. *See Brookfield*, 174 F.3d at 1059 ("This factor favors the plaintiff
 10 where the alleged infringer adopted his mark with knowledge, actual or
 11 constructive, that it was another's trademark.").

12 **B. Pedego Has Failed To Show That Irreparable Harm Is Likely**

13 The U.S. Supreme Court's decision in *Winter* made clear that a plaintiff must
 14 show irreparable harm to be likely, not merely possible or potential⁴. *See eBay v.*
 15 *MercExchange, L.L.C.*, 547 U.S. 388, 392-394 (no presumption of irreparable harm
 16 even where there is a showing of infringement); *Alliance for the Wild Rockies v.*
 17 *Cottrell*, 632 F.3d 1127, 1135 (9th Cir. 2011) (emphasis added); *Johnson v.*
 18 *Couturier*, 572 F.3d 1067, 1081 (9th Cir.2009) (holding that a mere possibility of
 19 irreparable injury is "too lenient"). In this case, even if there were a likelihood of
 20 confusion (which there is not), the clear lack of irreparable harm undermines any
 21 claim that a preliminary injunction should issue.

22
 23
 24 ⁴ Pedego cites to *Metro Pub. v. San Jose Mercury News*, 987 F.2d 637, 640 (9th Cir.
 25 1993) for the proposition that irreparable harm is "ordinarily presumed" where
 26 plaintiff has demonstrated a likelihood of confusion. However, more recent case
 27 law has "cast doubt on that presumption." *See Seed Services, Inc. v. Winsor Grain,*
 28 *Inc.*, 2012 WL 1232320 (E.D. Cal.); *see also, Flexible Lifeline Systems, Inc. v.*
Precision Lift, Inc., 654 F.3d 989, 994 (9th Cir. 2011) (presumption of irreparable
 harm in issuing injunctive relief in copyright context is "dead").

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1 **1. There Can Be No Showing Of Irreparable Harm Where**
 2 **Pedego Delayed At Least One Year In Seeking An**
 3 **Injunction.**

4 Where there is delay in seeking a preliminary injunction, courts find that there
 5 is no irreparable harm and no need for the requested relief. *Kerr Corp. v. North*
 6 *American Dental Wholesalers, Inc.*, 2011 WL 2269991, at *3 (C.D. Cal. June 9,
 7 2011) (denying preliminary injunction where plaintiff waited eight months after
 8 learning of infringement to seek relief); *Givemepower Corp. v. Pace Compumetrics,*
 9 *Inc.*, 2007 WL 951350, at *7 (S.D. Cal. Mar. 23, 2007) (holding delay of seven
 10 weeks negated showing of irreparable harm); *Oakland Tribune, Inc. v. Chronicle*
 11 *Pub. Co.*, 762 F.2d 1374, 1377 (9th Cir.1985) (affirming denial of preliminary
 12 injunction based on delay alone, without assessing the likelihood of success on the
 13 merits); *First Franklin Financial Corp. v. Franklin First Financial, Ltd.*, 356
 14 F.Supp.2d 1048, 1055 (N.D.Cal. 2005) (denying motion for preliminary injunction
 15 and stating “plaintiffs . . . delay in enforcing its intellectual-property rights
 16 undercuts its claims of urgency and irreparable harm”).

17 Here, it is undisputed that Pedego was aware that PT was using the Prodeco
 18 mark on bikes by May 23, 2011, when Pedego filed a Letter of Protest regarding
 19 PT's trademark application. DiCostanzo Decl. ¶¶ 3-4. Pedego had actually first
 20 contacted PT regarding its use of the mark "Prodeco" in February 2011. Provost
 21 Decl. ¶ 15. Pedego and PT attempted to negotiate a resolution of Pedego's claims
 22 during the spring and summer of 2011. *Id.* at ¶ 20. Pedego was also aware that
 23 Prodeco attended the September 2011 Interbike show and sold bikes bearing its
 24 mark at that show. DiCostanzo Decl. ¶ 3. In fact, at the September 2011 Interbike
 25 show, Pedego and Prodeco had booths that were nearby and visible to one another at
 26 the venue. Provost Decl. ¶ 31. Yet, Pedego waited over a year, until the eve of the
 27 next Interbike show to file the instant motion.

28 Not only was Pedego aware for over a year that PT was selling bikes and

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1 appearing at trade shows, Pedego filed suit on July 6, 2012, but still did not move
 2 for an injunction until two months later – filing this Motion on September 4, 2012.
 3 This additional delay between the filing of its suit and seeking an injunction further
 4 negates any finding of irreparable harm to Pedego. *See Innospan Corp. v. Intuit,*
 5 *Inc.*, 2010 WL 5157157, at *2 (N.D. Cal. Dec. 3, 2010) (denying preliminary
 6 injunction and noting plaintiff delayed seeking relief for one month after filing
 7 complaint).

8 In its Motion, Pedego is disingenuous in trying to explain its delay. First, it
 9 claims that it believed PT had abandoned its mark as of December 2011. See
 10 DiCostanzo Decl. ¶ 6. This is demonstrably false. PT originally filed its trademark
 11 application in February 2011, but made a clerical error and abandoned that
 12 application in December 2011⁵. However, Prodeco revived the application on the
 13 same day it was abandoned in December 2011. Pedego opposed the revived
 14 application in April 2012. Provost Decl. ¶¶ 17-19. As such, Mr. DiCostanzo's
 15 assertion in his Declaration that he "believed" in December 2011 that "Prodeco
 16 Technologies intended to cease its attempt to register Prodeco and move to another
 17 trademark" is highly suspect. DiCostanzo Decl. ¶ 6; Provost Decl. ¶ 19.

18 Second, Pedego claims that it only recently – purportedly in July 2012 –
 19 became aware that PT would appear at Interbike as an exhibitor (despite PT's
 20 appearance at two previous shows also attended by Pedego – including last year in a
 21 nearby booth) and only became aware, in late August 2012, that PT would act as a
 22 sponsor at Interbike. DiCostanzo Decl. ¶14. But Pedego's knowledge that PT was
 23 going to appear at Interbike or be a sponsor is irrelevant to this analysis; what
 24 matters it when Pedego had actual or constructive knowledge of PT's use of the

25 _____
 26 ⁵ Pedego asserts that PT abandoned its trademark application "after learning of
 27 Pedego." Motion, 6:12-13. This is inaccurate. PT was made aware of Pedego's
 28 infringement claim as early as February 2011, but abandoned its trademark
 application in December 2011, due to a clerical error. Provost Decl. ¶¶ 15, 17-19.

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1 allegedly infringing mark. *Pharmacia Corp. v. Alcon Laboratories, Inc.*, 201 F.
 2 Supp. 2d 335, 382 (D.N.J. 2002) (denying preliminary injunction; “[a]ctual or
 3 constructive notice [of the use of a mark] is the governing standard for measuring
 4 delay in moving for preliminary injunctive relief.”).

5 **2. Pedego Provides No Evidence Of Irreparable Harm**

6 Pedego's Motion is also fatally flawed in that Pedego fails to present any
 7 evidence of irreparable harm, i.e., that it has lost sales or suffered damage to its
 8 reputation because of purported confusion between the parties' two marks.

9 Courts have routinely found no irreparable harm (and denied requests for the
 10 issuance of injunctions) where a plaintiff fails to offer evidence that its sales have
 11 declined (or that it has suffered other comparable economic damage) as a result of
 12 alleged infringement. *Rodan & Fields, LLC v. Estee Lauder Companies, Inc.*, 2010
 13 WL 3910178, at *6 (N.D. Cal. Oct. 5, 2010) (“allegations of potential harm, without
 14 any supporting evidence in the record, are insufficient” to support a finding of
 15 irreparable harm); *Jupiter Hosting, Inc. v. Jupitermedia Corp.*, 2004 WL 3543299,
 16 at *6 (N.D. Cal. Nov. 9, 2004) (no irreparable harm where no evidence of declining
 17 revenues).

18 Here, Pedego asserts that actual confusion has occurred and will allegedly
 19 continue, but makes no claim (other than in the most conclusory terms) of lost sales
 20 or any damage to its reputation flowing from the supposed confusion. See Motion at
 21 6:5-6 (Prodeco's appearance at Interbike “is likely to cause substantial and
 22 irreparable harm to Pedego and consumers”). Such generalities do not suffice to
 23 demonstrate irreparable harm. See *American Passage Media Corp. v. Cass*
 24 *Communications, Inc.*, 750 F.2d 1470, 1473 (9th Cir. 1985) (reversing preliminary
 25 injunction for lack of irreparable harm because “affidavits from its own executives
 26 . . . are conclusory and without sufficient support in facts.”).

27 Moreover, in his Declaration, Mr. DiCostanzo states only that “I believe that
 28 Prodeco's attendance and use of the PRODECO mark will cause a significant

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1 increase in actual confusion between [the marks]." This unsupported statement, too,
 2 is insufficient. Merely claiming – or even demonstrating – the existence of
 3 confusion does not justify imposition of an injunction if there is no showing that
 4 economic or intangible harm will result from that purported confusion. *See Sardi's*
 5 *Restaurant Corp. v. Sardie*, 755 F.2d 719 (9th Cir. 1985) (court affirmed denial of a
 6 preliminary injunction where there was no evidence presented at hearing that
 7 plaintiff's reputation would be harmed even if public confusion regarding the parties
 8 did occur.).

9 Finally, Pedego neither attempts to nor makes any showing that money
 10 damages would be inadequate here. Any lost sales or business opportunities
 11 (assuming they exist in this case) do not necessarily constitute an irreparable harm,
 12 because they would still be measurable damages that would be compensable with
 13 money. *See Aurora World, Inc. v. Ty Inc.*, 719 F.Supp.2d 1115, 1169 (C.D. Cal.
 14 2009) (quoting *Reebok Intern. Ltd. v. J. Baker, Inc.*, 32 F.3d 1552, 1558
 15 (Fed.Cir.1994)).

16 C. **A Balancing of the Hardships/Equities Greatly Favors Defendant**
 17 **Prodeco Technologies**

18 A balancing of hardships analysis requires courts to analyze the "competing
 19 claims of injury and . . . [to] consider the effect on each party of the granting or
 20 withholding of the requested relief." *Flexible Lifeline Systems, Inc. v. Precision*
 21 *Lift, Inc.*, 654 F.3d 989, 997 (9th Cir. 2011), *quoting Winter*, 555 U.S. at 14.

22 Economic harm in the form of lost profits, lost revenues, lost product
 23 investments, and expenses that will be incurred is examined and a balancing of the
 24 equities between the Plaintiff and Defendant analyzed. *Edge Games, Inc. v.*
 25 *Electronic Arts, Inc.*, 745 F.Supp.2d 1101, 1118 (N.D.Cal. 2010); *Patriot Contract*
 26 *Services v. U.S.*, 388 F.Supp.2d 1010, 1026 (N.D.Cal. 2005). In addition, intangible
 27 losses such as loss of business goodwill and reputation, and loss of business
 28 opportunities are also considered. *Advanced Rotorcraft Technology, Inc. v. L-3*

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1 *Communications Corp.*, 2007 WL 437682, at *9 (N.D.Cal., Feb. 6, 2007).

2 **1. Pedego's Delay Suggests that the Balance of the Hardships**
 3 **Strongly Favors PT**

4 First, as discussed above, plaintiff's lengthy delay in bringing its Motion
 5 seeking a preliminary injunction is an equitable factor which weighs against it in
 6 analyzing the balance of hardships. *First Franklin Financial Corp.*, 356 F.Supp.2d
 7 at 1055. Pedego knew about Prodeco's use of its mark on electric bikes since at
 8 least early 2011 and yet did not seek a preliminary injunction until September 2012,
 9 well over one year later. Provost Decl. ¶ 15. In addition, the parties both appeared
 10 at the Interbike trade show in 2011 (with nearby booths, visible to one another). *Id.*
 11 at ¶ 31. Pedego, however, waited until a few weeks before the 2012 Interbike Show
 12 (after PT had spent tens of thousands of dollars in sunk costs to attend and sponsor
 13 Interbike) to claim that it will be irreparably harmed by PT's presence at this year's
 14 show. *Id.* at ¶ 34. This chronology weighs heavily in favor of PT and against the
 15 imposition of an injunction.

16 **2. PT Will Not Remain Financially Viable If It Cannot**
 17 **Participate in the Interbike Tradeshow and Continue to Use**
 18 **the "Prodeco Technologies" Name**

19 PT has spent or will spend over \$90,000 in direct costs to participate in
 20 Interbike. Provost Decl. ¶ 34. If Prodeco is unable to participate in Interbike,
 21 however, its losses would go far beyond the \$90,000 that it is expending to prepare
 22 for and sponsor the show. PT would be unable to remain financially solvent if
 23 barred from Interbike. *Id.* ¶ 39.

24 Based on internal data, PT projects that it will have a net profit of at least
 25 \$1.65 Million from its 2013 line of bikes. *Id.* at ¶ 37. At least 70% of these profits
 26 will be directly generated by orders placed at Interbike. *Id.* Additionally, if barred
 27 from Interbike, PT would have difficulty getting the remaining 30% of its projected
 28 model year 2013 orders because of reputational damage and lost credibility in the

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1 marketplace. *Id.* Dealers and customers look to product warranties to protect
 2 themselves should electric bikes malfunction after purchase and are fearful of
 3 placing orders with companies that they believe may have financial or legal
 4 problems which would jeopardize warranty programs or the ability of the bike
 5 company to complete future repairs. *Id.*

6 In addition to lost profits, if unable to attend Interbike, PT would lose nearly
 7 \$300,000 in deposits that it has already paid to suppliers. *Id.* at ¶ 38. Without the
 8 influx of cash from orders at Interbike, PT would be unable to pay the remaining
 9 amounts owed to the suppliers and would lose those deposits in their entirety. *Id.*
 10 Moreover, PT would be unable to pay down its outstanding \$2.4 Million credit line
 11 and loans. *Id.*

12 Moreover, if PT were unable to use the Prodeco Technologies name beyond
 13 the Interbike tradeshow, the economic damage to the company would also be fatal.
 14 Provost Decl. ¶ 40. PT has already ordered some 5,000 bike frames with the name
 15 "Prodeco Technologies" on them. *Id.* These aluminum frames cannot be changed
 16 without the frames being damaged. *Id.* The costs already paid for these frames
 17 would simply have to be written off by PT. *Id.* at ¶ 40. There would be additional,
 18 large costs associated with changing the name on the company's website and other
 19 advertising materials. *Id.* In addition, as discussed above, PT would not receive its
 20 projected bike orders for the 2013 model year and would not be able to pay down its
 21 debt. *Id.* at ¶¶ 38-38. PT would also suffer tremendous reputational harm in that it
 22 would have to delay or cancel pending orders, inform dealers and customers that it
 23 was operating under a different name and also that they would have to accept (if any
 24 orders could in fact be filled) bikes with different model names. *Id.* at ¶ 40.

25 **D. A Preliminary Injunction Would Not Serve the Public Interest**

26 An injunction will not be issued if it does not serve the public interest. *See*
 27 *Winter*, 555 U.S. at 20. Courts routinely find that, where there is a lack of consumer
 28 confusion in trademark cases, a preliminary injunction will not serve the public

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1 interest because such an injunction would only result in depriving consumers of a
 2 choice of products and inhibiting competition. *International Jensen, Inc. v.*
 3 *Metrosound U.S.A., Inc.*, 4 F.3d 819, 827 (9th Cir. 1993); *Illinois Tool, Inc. v. Grip-*
 4 *Pak, Inc.*, 906 F.2d 679, 684 (Fed.Cir.1990) (finding that the public interest in the
 5 “continuing right to compete, which must be seen as legitimate . . . ,” disfavors
 6 preliminary injunction when there is only a small likelihood of success in proving
 7 infringement at trial).

8 Here, because the likelihood of consumer confusion has not been
 9 demonstrated, the public interest favors denying Pedego's request for an injunction
 10 to prevent unnecessary restraints on competition.

11 **IV. A BOND IN THE AMOUNT OF \$ 5 MILLION SHOULD BE**
 12 **REQUIRED TO BE POSTED BY PEDEGO IN THE EVENT THIS**
 13 **MOTION IS GRANTED**

14 Federal Rule of Civil Procedure 65(c) requires the posting of a bond by a
 15 party obtaining a preliminary injunction: “[t]he court may issue a preliminary
 16 injunction . . . only if the movant gives security in an amount that the court
 17 considers proper to pay the costs and damages sustained by any party found to have
 18 been wrongfully enjoined or restrained.” F.R.C.P. 65(c) (emphasis added). A bond
 19 is required regardless of the merits of the plaintiff's case. As such, even in the
 20 unlikely event that the Court issues an injunction here, a bond **must** be posted.

21 Pursuant to F.R.C.P. 65(c), the amount of the bond is within the Court's
 22 discretion, but is generally “[t]he amount . . . sufficient to cover loses and damages
 23 incurred or suffered by the party enjoined if it turns out that the injunction should
 24 not have been granted.” *Ford Motor Co. v. Ultra Coachbuilders Inc.*, 2000 WL
 25 33256536, at *10 (C.D.Cal., July 11, 2000), citing *DEP Corp. v. Opti-Ray, Inc.*, 768
 26 F.Supp. 710, 718 (C.D.Cal. 1991).

27 Accordingly, a bond should be required to cover all of PT's potential losses,
 28 even if those losses are in the millions of dollars (which they would be). *Lewis*

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Galoob Toys v. Nintendo of America, Inc., 1991 WL 1164068, *4 (N.D.Cal., Mar. 27, 1991) (requiring moving party to post a \$15 million bond); *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1028 (9th Cir. 2001) (requiring a \$5 million bond); *The Research Foundation of State University of New York v. Mylan*, 723 F.Supp.2d 638, 664 (D.Del. 2010) (requiring a \$26 million bond); *International Equity Investments, Inc. v. Opportunity Equity*, 2006 WL 1116437, *5 (S.D.N.Y., Apr. 26, 2006) (approving a \$5 million bond); *Stertz v. Gulf Oil Corp.*, 1984 WL 2114 (E.D.N.Y., June 14, 1984) (requiring \$42.4 million bond).

Realistically, PT's losses should an injunction be issued would be in the range of at least \$5,000,000 and, if the Court does grant the requested injunction, a bond in that amount should be ordered posted. Provost Decl. ¶¶ 37-41. The concrete and quantifiable damage to PT far outweighs any alleged harm that Pedego will suffer due to the purported confusion caused by PT's presence at the Interbike trade show or PT's continued use of the "Prodeco Technologies" name while this case is pending.

V. CONCLUSION

For the above reasons, Prodeco Technologies respectfully requests that the Court deny Pedego's Motion for Preliminary Injunction.

DATED: September 10, 2012

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CERTIFICATE OF SERVICE

I hereby certify the following: I am over the age of 18 years and am not a party to the above-captioned action. I am a registered user of the CM/ECF system for the United States District Court for the Southern District of California.

On September 10, 2012, I electronically filed the foregoing document with the Clerk of the Court using the CM/ECF system. To the best of my knowledge, all counsel to be served in this action is registered CM/ECF users and will be served by the CM/ECF system.

I declare under penalties of perjury under the laws of the United States that the foregoing is true and correct.

DATED: September 10, 2012

KINSELLA WEITZMAN ISER KUMP &
 ALDISERT LLP

By: /s/ Jennifer J. McGrath
 Jennifer J. McGrath
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